

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on January 28, 2005 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. John Brueggeman (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: Sen. Mike Cooney (D)
Sen. Bob Keenan (R)

Members Absent: Sen. Jon Tester, Vice Chairman (D)
Rep. Carol C. Juneau (D)

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Mike Burke, OBPP

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 5, 1/28/2005
Executive Action:

Reference book is: Governor's Budget State of Montana, Fiscal Years 2006-2007, Long Range Building Program (LRBP), Volume 4.

CHAIRMAN WELLS called the meeting to order and discussed committee protocol with those who wished to testify.

Joe Triem, Department of Administration, Architecture and Engineering, introduced the testimony on HB 5 projects.

Hugh Jesse, University of Montana, Facilities Director, presented visual aides and copies of proposed bill amendments to the committee (Exhibit 1). These will be used in reference to the University of Montana Projects.

EXHIBIT(jlh22a01)

AFA/Code/Deferred Maintenance Projects Page 73

Proponents' Testimony:

Mr. Jesse stated that \$1.4 million has been allocated to the Montana University System to address campus and building maintenance. It is expected that the University of Montana (UM) will split the allocation evenly with Montana State University (MSU), resulting in a \$700,000 allocation for each. The University of Montana would use the funds to address ventilation and asbestos abatement at the Missoula campus. Numerous other code and deferred maintenance projects will be completed at all UM campuses.

Cathy Duncan reminded that committee members to find out how much of the operation and maintenance costs the state would be responsible for, with regard to these projects.

Mr. Jesse responded that no operation and maintenance consequences are anticipated for the state as a result of these projects.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked why one of the projects had listed supplemental funding.

Mr. Jesse responded that additional projects had come up since the priority list was first assembled. The university would like to use supplemental funding to try and stretch the state funding dollars as far as possible.

CHAIRMAN WELLS asked if the legislature could authorize this.

Mr. Triem replied that the Board of Regents decides how to split the appropriation. There are no requirements that the funds be used on any specific job.

REP. WITT asked if the additional projects that had come up had been prioritized.

Mr. Jesse stated that the projects had been prioritized by the university.

CHAIRMAN WELLS asked what the difference was between the statewide versus agency priority.

Mr. Jesse answered that the statewide priority listed is that of the Governor's Budget Office. The agency priority is that of the Montana University System.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 12.1}

Classroom/Lab Upgrades, Page 115

Proponents' Testimony:

Mr. Jesse explained that this project will fund classroom and laboratory improvements throughout the Montana University System. This project will address a variety of deferred maintenance needs. There is no anticipated operation and maintenance consequence to the state.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked for clarification of the project funding amount.

Mr. Jesse explained that the entire allocation was for \$1 million. The UM only expected to receive \$500,000 because MSU traditionally receives half of the total allocation.

{Tape: 1; Side: A; Approx. Time Counter: 12.1 - 16.6}

UM Steam Distribution System, Page 82

Proponents' Testimony:

Mr. Jesse stated that funding for this project was allocated directly to UM. The funds will be for repairs and upgrades to the existing university steam system. This upgrade will be done in accordance with a 2004 engineering study. The current system is

old and needs numerous repairs. The system leaks and the condensate line is rusted. The system sustains heat loss and is inefficient. The proposed project will up-size some lines and address heat loss.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked for the estimated expense of the heat loss.

Mr. Jesse replied that condensate loss has been measured at amounts greater than two percent. This is indicative of faulty lines.

REP. WITT asked if this plan was the same as the previous plan UM had brought to the committee during the 2003 Session.

Mr. Jesse answered that the engineering analysis presented during the 2003 session would be followed. The current project includes updated cost estimates.

REP. LENHART asked how long until completion of the project.

Mr. Jesse replied that the entire project is expected to take at least four years.

REP. LENHART asked if the project estimates had taken cost inflation into account.

Mr. Jesse said, "Yes."

{Tape: 1; Side: A; Approx. Time Counter: 16.6 - 25.4}

Mining and Geology Building, Page 95

Proponents' Testimony:

Mr. Jesse presented this project ventilation improvements. The Mining and Geology Building is located at the UM Butte campus (Montana Tech). Due to an engineering flaw, the building has had no internal ventilation circulation since its construction in the 1970's. There were no commission requirements and the university was unable to hold the engineering firm liable for the flaw. The current ventilation system will be replaced through the proposed project. High efficiency lighting and windows will also be installed. There will be an estimated \$12,000 to \$15,000 per year increase in utility costs associated with fresh air ventilation.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. LENHART asked what "commissioning" referred to.

Mr. Jesse explained that when a building is commissioned, the engineer must provide proof that all the systems in the completed building work properly.

REP. WITT asked how old the building was.

Mr. Jesse replied that the building was constructed in 1972. The university has been forced to deal with the defunct system for over 20 years.

{Tape: 1; Side: A; Approx. Time Counter: 25.4 - 31.4}

CHAIRMAN WELLS asked how the university is ensuring that this problem does not occur again.

Mr. Jesse responded that commissioning is required on all buildings constructed today. The engineering firm will not receive the final payment until the commissioning process is completed.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 5}

Health and Science Building, Page 107

Proponents' Testimony:

Mr. Jesse stated that this was the second phase of a complete replacement of the heating, ventilating and air-conditioning (HVAC) system in the Health Sciences Building, located at the UM Missoula campus. The current system is very difficult to maintain because of the manner in which it was constructed. The equipment must be entirely disassembled in order to gain access to the mechanical room. There are no anticipated operation and maintenance costs for the state as a result of this project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. LENHART asked if the first phase of the project had been completed.

Mr. Jesse responded that the project is currently in the design phase. They are expecting to begin renovation this spring. The project is moving somewhat slower than others because the building will still be used by students and faculty during the renovation.

{Tape: 1; Side: B; Approx. Time Counter: 5 - 10.1}

Water System Renovation, Page 110

Proponents' Testimony:

Mr. Jesse presented this project for water system renovation at the UM Dillon Campus. The low-pressure system currently used by the campus will be upgraded. The project will tie other buildings on campus into the water lines. Back-flow prevention meters will be installed, fire hydrants will be replaced, and building service connections will be updated. Completion of this project will also address a number of safety code issues. There will not be a change in operation and maintenance responsibility.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Heating Ventilation and Air-Conditioning System, Page 125

Proponents' Testimony:

Mr. Jesse explained that this project will address the final phase of HVAC system improvements at the Science Building located at the UM Missoula Campus. Back drafting of hood fumes and asbestos abatement will be among the major problems addressed in this renovation. The first phases of this project have already been completed on the first and second floors of the building. Mr. Jesse stated that this project was comparatively more expensive because of the asbestos removal.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. LENHART asked how many buildings on the university campuses still had asbestos.

Mr. Jesse replied that many of the buildings have varying degrees of asbestos. Asbestos can be managed more easily, depending on how it was used in the building.

{Tape: 1; Side: B; Approx. Time Counter: 10.1 - 19}

General Spending Authority, Page 187

Proponents' Testimony:

Mr. Jesse stated that this was a request by UM for general spending authority to address minor renovations that occur between funding cycles. The university uses grants, gifts and federal and higher education dollars to address these renovations. Authority is currently recommended at \$7 million. Mr. Jesse added that the request could be reduced to \$4 million because a \$3 million proposed building project had been taken out of the request.

Ms. Duncan further explained the cash and bonding programs under HB 5. These funding authority requests are part of the cash program.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 1; Side: B; Approx. Time Counter: 19 - 25.3}

New Gallery Space, Page 194

Proponents' Testimony:

Bob Frazier, Vice President, University of Montana, said that the art museum located on the UM Missoula campus housed an extensive collection of art. The art program has outgrown its current space and the university would like to construct a new gallery space on campus. They are requesting authority to raise funds for the project.

Mr. Jesse added that this request was for authority only in the amount of \$6 million. There will be operation and maintenance consequences, but these will be the responsibility of the university.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked how much of the total amount had been donated or promised to the university so far.

George Dennison, President, University of Montana, answered that about \$700,000 had been tentatively committed to the project.

Forestry Complex, Page 199

Proponents' Testimony:

Perry Brown, Dean of Forestry, University of Montana, stated that this was a request for authority to construct a new Forestry Complex at the UM Missoula Campus. The new building will be constructed large enough to house all of the students and faculty as well as Forest Service personnel who use the building. This would further consolidate forestry research and education. The US Forest Service has been awarded \$150,000 to conduct a feasibility study for the project. The university is working with the Forest Service and federal government for additional funding.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.6}

{SEN. KEENAN entered the meeting at 9:00 A.M.}

Mr. Jesse discussed the visual of the potential site. The funding sources for the project will be primarily federal. The university and Forest Service will share responsibility for the operation and maintenance costs.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT wanted to know what would happen to the existing Forestry Building on campus.

Mr. Jesse replied that the university will utilize the space to address student overflow from other departments.

REP. WITT asked for the structural condition of the existing building.

Mr. Jesse answered that the building was in sound structural condition. The building's lab areas are not entirely up to date.

{Tape: 2; Side: A; Approx. Time Counter: 3.6 - 8.6}

Missoula College of Technology, Page 189

Proponents' Testimony:

Paul Williamson, Dean, Missoula College of Technology, presented the project to the committee (Exhibit 2). College attendance as well as programs offered at the campus are growing. The college would like to be able to create a Hydrogen Futures Park to compliment the college's involvement with the Montana Hydrogen Economy Project.

{Tape: 2; Side: A; Approx. Time Counter: 8.6 - 26.8}

EXHIBIT(jlh22a02)

Mr. Jesse added that the request was for authority only. The proposed project will be funded with non-state contributions. The operation and maintenance costs will be handled by the university.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked how the authority ranking was decided. He wanted an explanation of the discrepancy between the state and agency ranking on this project.

Mr. Jesse replied that there were more projects included on the statewide priority list. Authority only projects typically end up at the end of the priority list.

REP. WITT asked if land acquisition was necessary for the project.

Mr. Jesse answered that the project will be constructed on land already owned by the college.

{Tape: 2; Side: A; Approx. Time Counter: 26.8 - 30.5}

Mr. Jesse explained the amendments to HB 5 proposed by the university:

- 1) The first amendment would include \$3 million of authority to the university for construction of a new research lab. The university will secure the funding for this project and then assume responsibility for the operation and maintenance costs. The project is being pulled from the general spending authority already included in HB 5. If this amendment is approved, the general spending authority in the bill will decrease by \$3 million.

- 2) The second amendment would give authorization to the Journalism Building Project. The university has just begun construction on the project and would like the authorization to continue fund raising until the its completion.

Ms. Duncan asked why authority for the Journalism Project was limited during the last session.

Mr. Dennison explained that the authorization was limited because it was unclear at the time whether the university would be able to raise the necessary funds.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 8.4}

Mr. Jesse informed the committee that a representative from Montana Tech would be speaking to the committee about a project they wished to have authorized for bonding.

Petroleum Building Project

Proponents' Testimony:

Frank Gilmore, Chancellor, Montana Tech, requested that the committee include authorization for the Petroleum Building New Construction Project in the bonding bill, if the bill is in fact drafted. He distributed a handout including project description and associated costs (Exhibit 3). The university would like to construct a new building to replace the existing Petroleum Building on the Montana Tech Campus. The cost for construction of a new building, which would house both the university Petroleum Program and the Bureau of Mines and Geology, is estimated at \$14 million.

EXHIBIT(jlh22a03)

Ed Deal, Bureau of Mines and Technology, testified that the existing building is over 100 years old. An electrical system has been added to the building through the years and most of its original components are still utilized. The building has a number of pressing maintenance and repair issues due to its age. The bureau has outgrown the space available in the building. At this point a new building must be constructed on campus, or the bureau will be forced to rent office space at another location. The bureau is an economic driver, a center for geological research, and the largest source of groundwater data in the state. They work closely with the university. He does not feel it would be beneficial to have the bureau located separately from the

university. Mr. Deal distributed letters written in support of the project (Exhibit 4).

EXHIBIT(jlh22a04)

{Tape: 2; Side: B; Approx. Time Counter: 8.4 - 20.1}

SEN. DAN HARRINGTON, SD 38, BUTTE and **REP. JON SESSO, HD 76, BUTTE** went on record in support of the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. BRUEGGEMAN asked if the university was looking for authority or bonding.

Mr. Gilmore answered that the project would have to be bonded.

SEN. BRUEGGEMAN asked if the university wanted the project to be included in HB 299.

Mr. Gilmore believed that was correct. He said the bill was to be introduced by **REP. DICKENSON**, but he did not know the number.

Mr. Triem stated that this would not be part of HB 299. It would be part of a bill that was in the process of introduction by **REP. DICKENSON**.

CHAIRMAN WELLS commented that the committee will revisit the projects included in the bill when it becomes available.

Helena College of Technology Project

Proponents' Testimony:

Bob Frazier, Interim Dean, Helena College of Technology (COT), handout out a description of the project and its costs (Exhibit 5). He discussed the college's achievements and the growth that its programs have seen over the years. The increased popularity of two-year degree programs has caused the college to outgrow its facility. The college has been forced to relocate some of their programs to elementary and high schools around town. The proposed project will allow for the construction of a new classroom and lab facility on the main campus.

EXHIBIT(jlh22a05)

{Tape: 2; Side: B; Approx. Time Counter: 20.1 - 29.7}

Eric Schindler, Executive Board, Helena College of Technology, spoke in support of the project. He is a graduate of a two-year program and works for a company that often hires College of Technology graduates.

Rick Hays, Executive Board, Helena College of Technology, supports the project. He uses the College of Technology for supplemental training of his business employees. He stated that 85 to 90 percent of his current employees have received additional training through the college.

Ron Mercer, Airport Director; Gary McGraw, Job Corps; and Adam Jergens, Kenworth Truck Dealership, stated their support for the project. The programs at the college provide highly-skilled workers for employment in a variety of growing technical fields.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 8.7}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY asked how long this project has been a priority.

Mr. Frazier stated that the project has received planning funding in the last two biennia. He added that the project architect would be available to speak to the committee members during the field trip.

CHAIRMAN WELLS asked if any Helena College of Technology graduates were hired to work for an industry located in Bozeman.

Mr. Frazier responded that the list presented did not include all of the businesses that had hired the graduates.

CHAIRMAN WELLS concluded the hearing.

{Tape: 3; Side: A; Approx. Time Counter: 8.7 - 14.1}

ADJOURNMENT

Adjournment: 10:05 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/ld

Additional Exhibits:

EXHIBIT ([jlh22aad0.TIF](#))